



Private Equity

Targeting Underserved Markets

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The Banc of America California Community Venture Funds

- Private equity Fund of Funds
 - Manage \$195 million “Fund of Funds” for Bank of America, the California Public Employees’ Retirement System, and the California State Teachers’ Retirement System
- Target investments in funds focused on underserved markets:
 - Women or ethnic minority owned or managed companies
 - Companies located in or employing residents of low and moderate income areas
 - Companies located in urban or rural areas
 - Primary focus on California



NOGALES INVESTORS

Experienced Private Equity Investment Firm

- **Location:** Los Angeles, California
- **Investment Size:** \$5 to \$25 million
- **Successful history of investing in Underserved Markets**
- **Unique combination of financial and operational expertise**
 - Investment and finance experience combined with senior executive and corporate oversight experience in large corporations
 - “Hands on” experience in operating and growing companies

Investment Strategy

- **Invest in growing, profitable businesses**
 - Facilities located in low to moderate income areas
 - Employee base consisting of low to moderate income workers
 - Products and/or services targeted at low to moderate income consumers

Target Market

- **Revenues:** \$10 to \$125 million
- **Management Team:** Experienced and highly-motivated
- **Industry Preference:** Media, manufacturing, food processing, distribution, service and retail
- **Exit Strategy:** Clear and defined path to exit within 3 to 5 years
- **Businesses with high revenue growth potential**



The Yucaipa Corporate Initiatives Fund



The Yucaipa Companies

Yucaipa History

- 17 years of financial, transactional and operational expertise
- \$4.7 billion returned to investors on \$2.1-plus billion invested equity capital
- Successful investment track record in underserved communities with 2 headquarters, 300 stores, 14 manufacturing facilities and 54 distribution facilities located in these areas

YCI Fund

Partnered with **CalPERS**, **CalSTERS** and **NYSCRF**, forming the \$575M Yucaipa Corporate Initiatives Fund (“YCIF”), to invest in companies that are located in, serve or employ persons from urban or rural underserved communities, or that are owned or managed by minorities or women

YCI Goal

Create high return investments while advancing the flow of private equity into underserved communities

YCI Strategy

- Partner with Fortune 500 companies
- Make large investments (\$25-\$50M)
- Capitalize on the competitive advantages of underserved communities

Bay Area Equity Fund, managed by JPMorgan

- JPMorgan's focus is to deliver market-rate venture capital returns while driving social and environmental improvement in the Bay
- JPMorgan has partnered with the Bay Area Council and the Alliance for Community Development to deliver a double line return
- Investments will be made primarily in private, mid-to-late stage growth companies and will focus on
 - Technology
 - Healthcare
 - Specialty consumer goods and services
- The companies will be located in or near, or willing to locate in or near, one of the forty-six low and moderate income neighborhoods of the ten-county Bay Area
- Traditional venture capital and growth equity
- Companies with highly defensible and leading market positions in growing industries
 - Opportunities for superior growth and a capacity to affect structural change within their sector
- Experienced management team
- \$3 to \$5 million per investment

The Central Valley Fund:

Investing in Mezzanine Opportunities

Background: The Central Valley Fund is a Small Business Investment Company (SBIC) in formation to invest primarily in the California Central Valley (Redding to Bakersfield). The fund will provide mezzanine capital, ranging from \$1 to \$5 million, for small to mid-sized Central Valley businesses to finance later stage growth, strategic acquisitions, ownership transitions and recapitalizations.

Characteristics of Investment Candidates:

- Proven management teams with properly aligned incentives
- A stable operating history with revenues exceeding \$5 million and cash flow in excess of \$1 million
- Strong and defensible position in a defined market or niche
- Solid industry fundamentals

Industry Preference:

The Fund will invest in manufacturing, distribution, business services and healthcare companies. The Fund will avoid investments in real estate, oil and gas, high technology and industries that are susceptible to a high degree of cyclicity.

Investment Structure:

The Central Valley Fund investments will be made under the following general terms and conditions:

- Preference for subordinated debt with both current pay and deferred yield enhancement features
- Interest coupon of 8% to 14%.
- Repayment typically 5-year term. Final maturity not to exceed 7 years.
- Board Seat or observation rights.